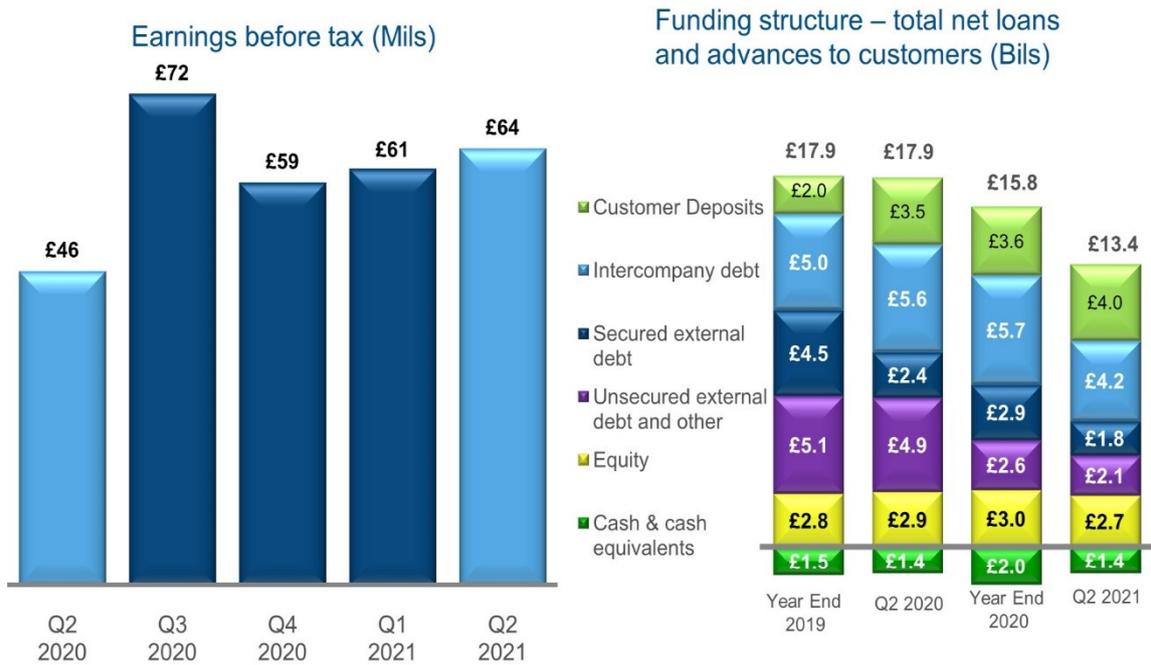

FCE Bank plc

Q2 MANAGEMENT STATEMENT

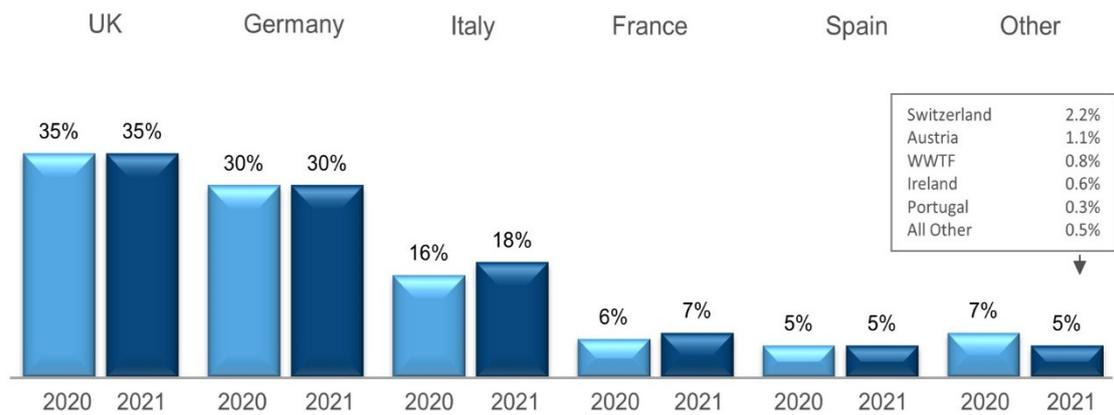
For the quarter ended 30 June 2021

2021

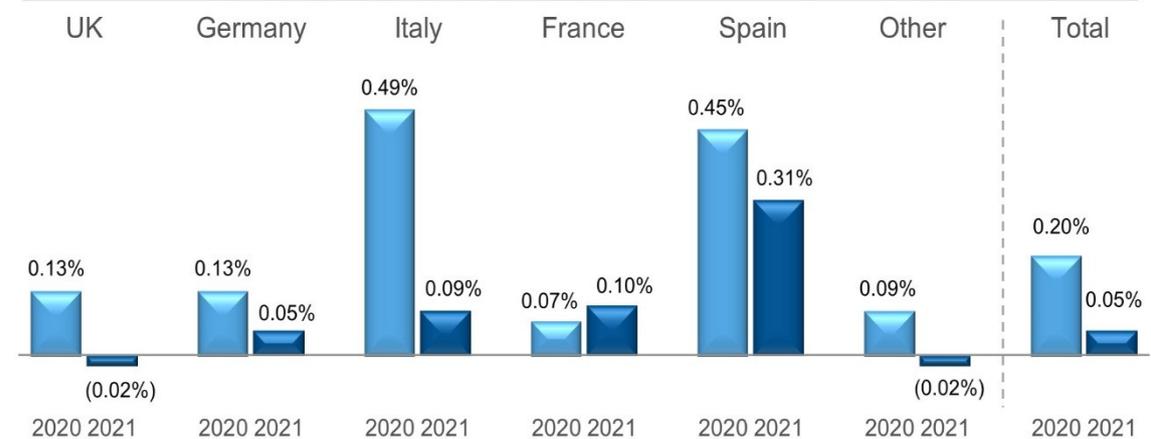
Highlights (unaudited)



Net loans and advances to customers at 30 Jun 2021 compared to 30 Jun 2020



Annualised Q2 net credit losses / average net loans and advances to customers



Management Statement

Key financial data (unaudited)	Q2 2021	Q2 2020
Quarterly income statement data	(Mils)	(Mils)
Net interest income	£ 98	£ 114
Net fees and commissions income	20	18
Other operating income	37	49
Total income	£ 155	£ 181
Allowance for expected credit losses	£ 4	£ (13)
Operating expenses	£ (59)	£ (73)
Depreciation on property and equipment	(38)	(40)
Fair value adjustments to financial instruments and gain or loss on foreign exchange	2	(9)
Profit before tax	£ 64	£ 46
Asset data		
Net loans and advances to customers	£ 13,381	£ 17,886
Total assets	15,609	20,503
Average net loans and advances for the quarter	14,028	17,694
Regulatory capital data		
Common equity tier 1 (CET1) capital	£ 2,562	£ 2,839
Own funds / Total capital	2,883	3,183
Common equity tier 1 (CET1) capital ratio	20.9%	17.0%
Total capital ratio	23.6%	19.0%

Business Highlights

In Q2 2021, FCE recorded earnings before tax of £64 million, £18 million higher than Q2 2020. The improvement is explained primarily by lower credit losses and reserves and non-recurrence of 2020 restructuring costs, partially offset by lower volume, reflecting the ongoing impact of the global semiconductor shortage on vehicle production and dealer inventory.

Credit losses remain at very low levels, reflecting payment holidays and support provided to customers in response to the COVID-19 pandemic. FCE's credit loss reserves are aligned with its expectation that there will be an increase in credit losses following the expiry of governmental support programs, before then returning to more normal levels.

Funding and Liquidity

Our funding strategy remains focused on diversification, and we plan to continue accessing a variety of markets, channels, and investors, including government-sponsored funding programs. These diverse sources of liquidity provide FCE with flexibility to adapt its plans to manage volatility in loans and advances and future changes in investor behaviours and pricing.

As at 30 June 2021, customer deposits represented a total of £4.0 billion of funding, which includes both the UK Deposit and the growing German Deposit programs. FCE's sources of liquidity include cash and cash equivalents, committed unsecured credit facilities, committed securitisation capacity and assets eligible as collateral in ECB monetary policy transactions. Liquidity available for use will fluctuate based on factors which include changes in receivables' levels and

execution and maturity of capital market transactions. At 30 June 2021, total liquidity sources were £4.6 billion.

In April 2021, FCE paid a dividend of £300 million, which equates to 48.83 pence per ordinary share, to its shareholder.

At 30 June 2021, FCE's long term debt credit ratings/outlooks were BBB-/Negative with S&P (unchanged) and BB+/stable with Fitch (from BB+/Negative).

On 13 July 2021, Moody's re-assessed FCE's creditworthiness on a stand-alone basis, upgrading FCE's long term debt credit rating to Baa3 (two notches above FMCC's rating of Ba2), with a stable outlook.

Full Year Outlook

FCE expects to be solidly profitable in 2021 with 'Net loans and advances to customers' to be in the range of £15.4 billion to £16.4 billion by the end of the year. However, our future results will be influenced by further developments of the COVID-19 pandemic and the resumption of normal levels of vehicle production which is dependent upon increased supply of semiconductors.

Management Statement

Public Term Funding Plan	2021 Forecast (Bils)	2021 YTD Actual* (Bils)	2020 Actual (Bils)	2019 Actual (Bils)
- Unsecured Debt	£ -	£ -	£ -	£ -
- Securitisation	0.4 - 0.8	0.4	-	1.1
Total	£ 0.4 - 0.8	£ 0.4	£ -	£ 1.1

* includes transactions settled up to and including 27 July 2021

	June 2021 (Bils)	Dec 2020 (Bils)	June 2020 (Bils)
Liquidity Sources			
Cash and cash equivalents	£ 1.4	£ 2.0	£ 1.4
Committed unsecured credit facilities	1.1	1.1	1.0
Central Bank Eligible Assets*	0.1	0.1	-
Committed securitisation capacity	2.0	2.0	2.2
Total Liquidity Sources	£ 4.6	£ 5.2	£ 4.6
Utilisation of Liquidity			
Cash not available for use in FCE's day-to-day operations**	£ (0.4)	£ (0.3)	£ (0.3)
Committed unsecured credit facilities	(0.0)	(0.1)	(0.1)
Committed securitisation capacity	(0.2)	(1.1)	(0.4)
Total Utilisation of Liquidity	£ (0.6)	£ (1.5)	£ (0.8)
Gross Liquidity	£ 4.0	£ 3.7	£ 3.8
Securitisation capacity in excess of eligible receivables	£ (0.4)	£ (0.4)	£ (0.2)
Liquidity Available for Use	£ 3.6	£ 3.3	£ 3.6

* Central Bank eligible assets excludes FCE's access to the Bank of England's Discount Window Facility

** Cash not available for use in day to day operations which primarily includes cash associated with securitisation transactions